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ABSTRACT

In Ireland, four government programs have traditionally been available to help individuals wishing to establish an enterprise: (1) Enterprise Training; (2) local training initiatives (LTI); (3) the Enterprise Scheme; and (4) the Community Enterprise Programme (CEP). In 1988, the four enterprise measures were combined to form the Training and Employment Authority (Gaelic acronym: FAS). The extent to which the four programs have been integrated since the establishment of FAS was examined in a study during which the following activities were conducted: examination of monitoring materials from the Department of Enterprise and Employment, FAS' client database, and pertinent research/literature review; meetings with FAS head office staff; and interviews with FAS staff and end users. The study revealed an absence of effective coordination and lack of progress toward integration of the four enterprise measures since 1988. FAS' role in encouraging enterprise has yielded mixed results. The CEP has had significant impacts on many local communities, especially in disadvantaged areas. The Enterprise Training and Enterprise Scheme programs have been characterized by a lack of postprogram support. It was recommended that CEP enterprise workers' responsibilities be expanded to include provision of postprogram support and that FAS continue to use rigorous selection criteria when awarding enterprise development assistance. (Contains 36 tables.) (MN)

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European Social Fund

PROGRAMME EVALUATION UNIT

Evaluation Report

Enterprise Measures

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European Social Fund Programme Evaluation Unit

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Located in the Department of Enterprise and Employment, the European Social Fund Programme Evaluation Unit reports jointly to that Department and the European Commission.

Enterprise Measures

DUBLIN
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1. INTRODUCTION

In the context of the high levels of unemployment in Ireland, many commentators have looked to the contribution self employment can make to employment creation. Reports which have significant influence on Government policy, such as the Culliton report, emphasise the potential for enterprise in this country. The Culliton report, in particular, makes recommendations to increase the enterprise content of the Irish education system with a view to encouraging more people to start their own businesses.

The identification of enterprise as a source of new jobs is not a new concept. Since the 1970s a number of programmes have been initiated by various State agencies aiming to provide support for enterprise start ups. These schemes have evolved in a piecemeal fashion and are provided by the industrial development agencies as well as training agencies.

An individual who wishes to establish an enterprise may therefore draw support from a wide range of sources. These include the four programmes provided by FÁS - The Training and Employment Authority - which receive European Social Fund (ESF) moneys through the Industry and Services Operational Programme and which form the subject of this evaluation. These four programmes are:

Measure 6: Training for Small and Medium Sized Enterprises

- Enterprise Training
- Local Training Initiatives

Measure 7: Recruitment Incentives

- Enterprise
- Community Enterprise Programme

This report is primarily concerned with these programmes but also briefly outlines some other sources of support available to those who attempt to start a business.

Objectives of the Enterprise Measures

The objectives of the four enterprise programmes are outlined in the Human Resources Sub-Programme of the Industry and Services Operational Programme and are described briefly below.

Enterprise Training

The aim of this measure is to provide unemployed and redundant people with the skills and knowledge required to start their own business or provide an additional component to an existing business.

Local Training Initiatives

Courses run under this programme respond to the expressed needs of communities. Local Training Initiatives (LTI) are intended to provide support, in the form of training, to communities who are seeking to create employment. LTI courses aim to meet the training requirement of locally initiated employment creation programmes. As such the types of courses delivered are expected to be very varied.

Enterprise Scheme

The Enterprise Scheme assists unemployed persons, who are establishing themselves in business, through the payment of an allowance in the first year of operation. The scheme can be availed of following FÁS training or directly where no training is needed.

The Community Enterprise Programme

The Community Enterprise Programme (CEP) supports local job creation through enterprise. The Programme aims to assist community groups in a number of ways including the provision of training, management support, enterprise workers and premises. The CEP also provides support to co-operative businesses through the Co-operative Development Unit which is located in FÁS.

Origin of the Enterprise Measures

The four enterprise programmes were in existence before the advent of the current Community Support Framework (CSF) in 1989 and indeed before the advent of FÁS itself. Before the establishment of FÁS they were operated by the agencies which were to be amalgamated to form FÁS in 1988. Enterprise Training and LTIs were operated by AnCO, the Industrial Training Authority. The Enterprise Scheme was run through the National Manpower Service and the Youth Employment Agency was responsible for the operation of the CEP. When these three agencies were amalgamated to form FÁS, each agency brought its enterprise support programme with it. The extent to which these programmes have been integrated is addressed in this report.

Evaluation Approach

Information was gathered through the following means:

- ✧ an examination of all relevant monitoring material held in the Department of Enterprise and Employment;
- ✧ data supplied by the FÁS from its client data base and other sources;
- ✧ a review of relevant research and reports;
- ✧ meetings with FÁS head office staff;
- ✧ interviews with FÁS staff and end users of the programmes at local level.

This information was assessed in the context of the objectives of the four programmes as set out in the Operational Programme. Consideration was also given to the potential for rationalisation or increased coherence of FÁS enterprise provision.

2. ACTIVITY AND EXPENDITURE - FORECAST AND OUTTURN

The analysis of activity and expenditure contained in this section is based on forecasts in the Technical Description Sheets which are part of the Operational Programme and the 1990 to 1992 final claims submitted by FÁS to the Department of Enterprise and Employment. The table below indicates the total budget, expenditure and activity for all four enterprise programmes from 1990 to 1993.

ENTERPRISE MEASURES				
Forecast and Outturn £m				
Year	Total	ESF	State	Numbers
1990				
Forecast:	19.170	11.380	7.790	5,872
Outturn:	18.469	10.999	7.470	7,281
1991				
Forecast:	19.976	11.859	8.117	5,872
Outturn:	16.903	10.229	6.674	5,846
1992				
Forecast:	21.308	12.652	8.656	5,872
Outturn:	17.534	9.928	7.606	5,642
1993				
Forecast:	22.142	13.145	8.997	5,872
Revised Forecast:	24.947	14.968	9.979	5,872
1990 - 1993				
Forecast:	82.596	49.036	33.560	23,488
Revised Forecast:	77.853	46.124	31.729	24,641

The four enterprise programmes contained in the Industry and Services OP account for a significant amount of expenditure. The Local Training Initiatives Programme is the largest, accounting for 37% of total expenditure in 1992. Community Enterprise Programme expenditure was least at only 8% of the total for 1992. The following pages contain breakdowns of expenditure and activity on each of the four programmes.

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COMMUNITY ENTERPRISE PROGRAMME				
Forecast and Outturn *£m*				
Year	Total	ESF	State	Numbers
1990				
Forecast:	0.340	0.170	0.170	243
Outturn:	0.924	0.462	0.462	273
1991				
Forecast:	0.346	0.173	0.173	243
Outturn:	0.744	0.372	0.372	135
1992				
Forecast:	0.370	0.185	0.185	243
Outturn:	1.494	0.687	0.807	89
1993				
Forecast:	0.384	0.192	0.192	243
Revised Forecast:	0.384	0.192	0.192	243
1990 - 1993				
Forecast:	1.440	0.720	0.720	972
Revised Forecast:	3.546	1.713	1.833	740

The table above reflects the final claim for 1992 submitted to the Department of Enterprise and Employment. On the basis of these figures the ESF intervention rate for 1992 was 46%. In 1990 and 1991 the intervention rate was 50%. The overall rate of eligibility is dependent upon the mix of activities within the programme. Training activity is funded by the ESF at 65%, while employment grants have a lower rate. These activity levels vary in each year, resulting in changes to the rates of intervention.

Actual numbers have decreased over the period without a corresponding reduction in expenditure. This is due to an increasingly rigorous application of the concept of throughput to the CEP. Throughput reporting is inappropriate in the case of this programme. Throughput restricts the reporting of numbers to those persons whose participation on the programme ends in the year under consideration. The procedure also excludes the reporting of part time programme beneficiaries such as training module participants. At present FÁS only reports those receiving Commercial Aid Grants and Enterprise Worker Grants which, as will be seen below, are only two of several forms of assistance available under the CEP. In 1990, 1991 and 1992 the outturn for CEP has exceeded the forecast amount by over 100%. However, the total budget directed towards the CEP remains extremely small in the context of the other enterprise programmes operated by FÁS.

ENTERPRISE TRAINING				
Forecast and Outturn *£m*				
Year	**Total**	**ESF**	**State**	**Numbers**
1990				
Forecast:	6.690	4.350	2.340	1,727
Outturn:	5.765	3.747	2.018	2,080
1991				
Forecast:	6.970	4.530	2.440	1,727
Outturn:	4.746	3.086	1.660	1,964
1992				
Forecast:	7.434	4.834	2.600	1,727
Outturn:	4.825	2.592	2.233	1,607
1993				
Forecast:	7.728	5.023	2.705	1,727
Revised Forecast:	10.535	6.848	3.687	1,727
1990 - 1993				
Forecast:	28.822	18.737	10.085	6,908
Revised Forecast:	25.869	16.271	9.598	7,378

In 1990, 1991 and 1992 expenditure for Enterprise Training was increasingly below forecast, running at 86%, 68% and 65% of forecast respectively. However, in 1990 and 1991 the actual throughput figure exceeded the forecast figure. This is the result of an overestimation at the planning stage in 1989 of the cost of running short (10 week) courses. In 1992 the actual throughput figure is less than forecast for the first time in the CSF period. The declining throughput figure is the result of an attempt on the part of FÁS to recruit for Enterprise Training only those who are perceived to have a good chance of succeeding in setting up a business.

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ENTERPRISE SCHEME				
Forecast and Outturn *£m*				
Year	**Total**	**ESF**	**State**	**Numbers**
1990				
Forecast:	6.860	3.430	3.430	2,032
Outturn:	5.780	2.890	2.890	2,534
1991				
Forecast:	7.152	3.576	3.576	2,032
Outturn:	4.318	2.159	2.159	1,592
1992				
Forecast:	7.632	3.816	3.816	2,032
Outturn:	4.730	2.444	2.286	1,642
1993				
Forecast:	7.930	3.965	3.965	2,032
Revised Forecast:	7.930	3.965	3.965	2,032
1990 - 1993				
Forecast:	29.574	14.787	14.787	8,128
Revised Forecast:	22.758	11.458	11.300	7,800

The Economic and Social Research Institute (ESRI) carried out an evaluation of the Enterprise Scheme in 1988 and it recommended that fewer and more rigorously selected persons should be admitted to the Scheme. The implementation of this recommendation is evident in the expenditure and throughput figures for the 1990 to 1992 period. The amount spent in each year shows a gradual contraction over the period. Throughput has also fallen. The more rigorous selection procedures noted in relation to Enterprise Training are therefore also evident on the Enterprise Scheme.

LOCAL TRAINING INITIATIVES				
Forecast and Outturn *£m*				
Year	Total	ESF	State	Numbers
1990				
Forecast:	5.280	3.430	1.850	1,870
Outturn:	6.000	3.900	2.100	2,394
1991				
Forecast:	5.508	3.580	1.928	1,870
Outturn:	7.095	4.612	2.483	2,155
1992				
Forecast:	5.872	3.817	2.055	1,870
Outturn:	6.485	4.205	2.280	2,304
1993				
Forecast:	6.100	3.965	2.135	1,870
Revised Forecast:	6.100	3.965	2.135	1,870
1990 - 1993				
Forecast:	22.760	14.792	7.968	7,480
Revised Forecast:	25.680	16.682	8.998	8,723

Of the four programmes under consideration, LTI is the largest in terms of expenditure and activity. In each of the years 1990, 1991 and 1992 the expenditure outturn on LTI has exceeded the forecast amount. This increase in expenditure has been matched by an increase in activity. The actual throughput has also exceeded the forecast throughput in each year.

Trainee Analysis

The technical sheets in the Operational Programme and the final claims submitted in respect of each year contain breakdowns of trainee characteristics by gender, age and duration. This information is presented below for each programme.

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COMMUNITY ENTERPRISE PROGRAMME TRAINEE ANALYSIS							
	Total	*Male*	*Female*	*Under 25*	*Over 25*	*LTU*	*STU*
1990							
Forecast:	243	146	97	162	81	81	162
	100%	60%	40%	67%	33%	33%	67%
Outturn:	273	149	124	82	191	136	137
	100%	55%	45%	30%	70%	50%	50%
1991							
Forecast:	243	146	97	162	81	81	162
	100%	60%	40%	67%	33%	33%	67%
Outturn:	135	24	111	26	109	69	66
	100%	18%	82%	19%	81%	51%	49%
1992							
Forecast:	243	146	97	162	81	81	162
	100%	60%	40%	67%	33%	33%	64%
Outturn:	89	49	40	8	81	27	62
	100%	55%	45%	9%	91%	30%	70%

As already noted, the figures for the CEP programme presented by FÁS in the final claim do not give a complete picture of the numbers of persons assisted by the programme. In reality many more persons than those reported in the trainee analysis above will have benefited. However, from the figures presented relating only to those receiving Commercial Aid and Enterprise Worker Grants, it is notable that the actual number of females slightly exceeded the forecast number in 1990 and that in 1991 the actual number of females constituted the vast majority of throughput (82%). This high female participation rate reflects the high level of female involvement in community organisations. This is also the case with the level of over 25 throughput which has also dramatically exceeded the forecast amount. Those involved in community organisations tend to come from older age groups and this is also likely to be true of those interested in community enterprise.

ENTERPRISE TRAINING TRAINEE ANALYSIS							
	Total	*Male*	*Female*	*Under 25*	*Over 25*	*LTU*	*STU*
1990							
Forecast:	1,727	1,088	639	1,209	518	518	1,209
	100%	63%	37%	70%	30%	30%	70%
Outturn:	2,080	874	1,206	770	1,310	686	1,396
	100%	42%	58%	37%	63%	33%	67%
1991							
Forecast:	1,727	1,088	639	1,209	518	518	1,209
	100%	63%	37%	70%	30%	30%	70%
Outturn:	1,964	832	1,132	668	1,296	533	1,431
	100%	42%	58%	34%	66%	27%	73%
1992							
Forecast:	1,727	1,088	639	1,209	518	518	1,209
	100%	63%	37%	70%	30%	30%	70%
Outturn:	1,607	751	856	545	1,062	571	1,036
	100%	47%	53%	34%	66%	36%	64%

The forecast breakdowns for long-term and short-term unemployed participation have largely been reached on Enterprise Training. Although it was forecast that most (63%) Enterprise Training participants would be male, females have formed the majority, accounting for 58% of participants in 1990 and 1991 and 53% in 1992. This is contrary to the experience of the Enterprise Scheme. The forecast age breakdown was for 70% of Enterprise Training participants to be under 25. However, for each of the years 1990 to 1992 the over 25 age group has constituted more than 60% of Enterprise Training participation. The experience of the Enterprise Scheme would lead one to expect that older people would be more likely to participate in Enterprise Training and this is in fact the case.

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ENTERPRISE SCHEME TRAINEE ANALYSIS							
	Total	*Male*	*Female*	*Under 25*	*Over 25*	*LTU*	*STU*
1990							
Forecast:	2,032	1,219	813	1,341	691	1,341	691
	100%	60%	40%	66%	34%	66%	34%
Outturn:	2,534	2,128	406	369	2,165	1,267	1,267
	100%	84%	16%	15%	85%	50%	50%
1991							
Forecast:	2,032	1,219	813	1,341	691	1,341	691
	100%	60%	40%	66%	34%	66%	34%
Outturn:	1,592	1,241	351	239	1,353	812	780
	100%	78%	22%	15%	85%	51%	49%
1992							
Forecast:	2,032	1,219	813	1,341	691	1,341	691
	100%	60%	40%	66%	34%	66%	34%
Outturn:	1,642	1,268	374	263	1,379	467	1,175
	100%	77%	23%	16%	84%	28%	72%

In 1990 and 1991 the proportions of Enterprise Scheme participants drawn from the short-term and long-term unemployed were almost equal. However, in 1992, the short-term unemployed comprised nearly three quarters of the Scheme population. In their report on the Enterprise Scheme, the ESRI points out that, on average, during the period 1984 to 1986, 90% of Enterprise Scheme participants were male. The figures presented above show that this situation was redressed to some extent during the 1990 to 1992 period. The eligibility criteria for the Scheme are partly at fault in relation to this gender imbalance as it results in the exclusion of some females. Although it was forecast that two thirds of Scheme participants would come from the under 25 year old age group this has not been the case. The vast majority of participants have come from the older age groups (84% or 85% each year from 1990 to 1992). This, not unexpected, preponderance of older persons also confirms the findings of the ESRI report.

LOCAL TRAINING INITIATIVES TRAINEE ANALYSIS							
	Total	*Male*	*Female*	*Under 25*	*Over 25*	*LTU*	*STU*
1990							
Forecast:	1,870	1,178	692	1,309	561	561	1,309
	100%	63%	37%	70%	30%	30%	70%
Outturn:	2,394	694	1,700	1,389	1,005	790	1,604
	100%	29%	71%	58%	42%	33%	67%
1991							
Forecast:	1,870	1,178	692	1,309	561	561	1,309
	100%	63%	37%	70%	30%	30%	70%
Outturn:	2,155	555	1,600	1,276	879	306	1,849
	100%	26%	74%	59%	41%	14%	86%
1992							
Forecast:	1,870	1,178	692	1,309	561	561	1,309
	100%	63%	37%	70%	30%	30%	70%
Outturn:	2,304	554	1,750	1,308	996	884	1,420
	100%	24%	76%	57%	43%	38%	62%

In 1990 and 1992 the forecast recruitment proportions for the long-term unemployed on Local Training Initiatives were exceeded. While only 14% of the 1991 throughput were long-term unemployed the recruitment breakdowns are reasonably on target. Males have been under-represented among the LTI participant population. This is not surprising as many of the courses focus on office type training which has traditionally attracted more females than males. Although it was forecast that under 25s would account for 70% of those trained they have formed only a slight majority in 1990 and 1992. In 1991 the vast majority of LTI participants were over 25 years of age.

This section has outlined the considerable amounts of funds directed towards enterprise measures delivered by FÁS. In the years 1990 to 1992, 18,769 people received assistance under the four programmes (excluding the people who benefit from the CEP who are not regarded as throughput). Trends discernible on the four programmes include:

- ✧ female participation of over 50% (except on the Enterprise Scheme);
- ✧ high participation (approximately two thirds) by the over 25s; and
- ✧ high participation by those unemployed for less than one year.

The last two trends confirm the application of recruitment procedures to select those most likely to succeed in enterprise, thus contributing to the effectiveness of the programmes. However, it is notable that considerable numbers of long-term unemployed people have access to FÁS enterprise provision. The following sections describe in more detail the

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operation of the programmes and the profile of the participants. This material is based on evaluation visits to projects in operation under the enterprise measures and information from the FÁS client database. This was supplemented with information from specific small scale surveys carried out by FÁS in response to queries from the Evaluation Unit.

3. THE COMMUNITY ENTERPRISE PROGRAMME

The Community Enterprise Programme (CEP) began operation in 1983 under the Youth Employment Agency. It is designed to assist community groups who wish to become involved in employment creation through enterprise. For groups who wish to establish co-operative ventures, specific assistance is available through the Co-operative Development Unit in FÁS. The CEP assists both community groups who wish to become directly involved in enterprise and community groups who provide support services to persons or groups from their areas wishing to establish themselves in business. An example of a community group providing support services, the Get Tallaght Working Group, is outlined later in this section.

CEP Assistance

For groups considering direct involvement in enterprise the CEP provides assistance in a number of ways. Initially groups undertake the community education enterprise modules provided by facilitators under the CEP. FÁS maintains a panel of facilitators and provides training in the delivery of the education modules and information updates to facilitators at least twice each year. Community groups wishing to undertake this type of training may themselves choose a facilitator whose costs are met by the CEP.

The design of the educational modules aims to accommodate the specific stages of development of a business idea. The format of this type of training is as follows:

- ✧ Exploration

  This initial module is intended for groups who wish to explore the idea of community enterprise but have not made any definite decision about the direction they wish to take.

- ✧ Organisation Development

  This module is designed to assist groups to develop an organisational base, to link into the community and look at their business idea in this context.

- ✧ Idea Generation

  This module encourages the development of business ideas and attempts to initially examine their feasibility. The module is linked to the development grant (see below).

- ✧ Trading

  This module is designed to assist established groups during their first year of operations and is linked to the commercial aid grant (see below).

- ✧ Consolidation

  Consultancy provision to meet specific needs that arise during the second year of operations are met under this module.

These modules are delivered in a practical way and each module ends with the production of a plan for group action. A community group may, after completing the first module, decide that it needs to investigate or develop its idea further before actually proceeding with it or it may decide that the realisation of its idea is more appropriate to a Local Training Initiative. Approximately 500 persons per year undertake this type of training, a figure which is not reflected in the throughput figures for the CEP.

Development grants are available for groups who need assistance to research an idea or who may need some assistance with product development. These grants are given up to a maximum of £2,000. Commercial Aid Grants (CAGs) are also available and are usually given in the form of small management grants to hire persons with the management skills that the community group lacks. These grants may be up to £14,000 in the first year. They are usually given for three to four years, but the amount given each year declines. Decisions on both development and commercial aid grants are made by either the FÁS Regional Director or the FÁS External Training Manager in each region depending on the level of funding involved.

The CEP also funds Enterprise Development Officers (EDOs). EDOs are employed, on a contract basis, by local authorities using CEP funds for the purpose. They are responsible for capacity building among community groups. They are therefore involved in community group development including the organising of the community enterprise training modules described above. There is one EDO post for each of the 10 FÁS regions.

Community Enterprise Workers, who are usually appointed to a specific community group, are also funded by the CEP. They are employed by community groups (see the Get Tallaght Working Group Example described below) who wish to provide support to those wishing to establish enterprise in the Enterprise Worker's locality. Community Enterprise Workers are expected to provide relevant enterprise advice. They also refer individuals and groups to other agencies for assistance. Employing groups expect Community Enterprise Workers to become involved in all aspects of community development and they can also contribute to the development of community enterprises owned by the employing groups. They therefore play a pivotal role in enterprise development in their area. Enterprise Workers are sometimes called together by FÁS for training. There are 45 to 50 Community Enterprise Workers operating under the CEP.

The FÁS Programme Development Department carried out a small survey of Community Enterprise Workers in order to answer the ESF Evaluation Unit's queries about the activities of these Workers. Community Enterprise Workers were asked to quantify the amount of time spent dealing with a number of activities. The results were as follows:

COMMUNITY ENTERPRISE WORKER ACTIVITY	
Activity	***Percentage***
Advice to Individuals	17
Advice to Groups	
During First Year of Operations	6
After First Year of Operations	5
Business Planning	13
Developing New Supports *	11
Product Development	
New Tourism Products	27
New Manufacturing or Service Products	13
Miscellaneous	8
Total	100

* *This category includes work in relation to space provision and other supports such as the development of Trust Funds.*

A considerable portion (40%) of an Enterprise Worker's time is devoted to product development activities. Developing new supports takes up 11% of activity. These are important strategic activities in that they provide the context in which local enterprise takes place. For example, the Enterprise Worker may play a primary role in the development of a tourism product and also play an important part in securing space for the proposal. The provision of advice accounts for less than 30% of activity.

CEP Expenditure

The previous section contained information on global expenditure under the CEP. The following table breaks down the global figure and illustrates the differing intervention rates for the ESF across the range of activities.

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ANALYSIS OF CEP EXPENDITURE, 1992			
	Total £000	*ESF £000*	*Rate %*
Direct Costs			
Development Grants	219	112	51
Enterprise Development Officers	156	101	65
Enterprise Worker Grants	366	98	27
Commercial Aid Grants (CAGs)	473	308	65
Other Grants	58	38	65
Total	1,272	657	52
Staff Costs	124	9	7
Overheads	102	21	21
Income	(4)	-	-
TOTAL	1,494	687	46

Of the £219,000 spent on Development Grants £173,000 was spent on the delivery of educational modules.

1990 Evaluation of CEP by Jim Fitzpatrick

In 1990 Jim Fitzpatrick and Associates, a consultancy firm, carried out an evaluation of the CEP. This evaluation was carried out for FÁS and was primarily interested in the employment creation performance and cost effectiveness of the programme. This evaluation covered the pre-CSF period 1983 - 1989. Fitzpatrick found CEP direct employment creation to be as follows:

CEP DIRECT EMPLOYMENT CREATION 1983 - 1989	
Number of jobs created by end December	
1983	61
1984	170
1985	272
1986	366
1987	473
1988	546
1989	601

The figures above are accumulative and refer to full-time jobs in businesses which had received CEP support.

Fitzpatrick then went on to investigate the cost effectiveness of CEP direct employment creation. This was calculated by dividing the total CEP expenditure over the 1983-89 period by the stock of jobs existing at end 1989. Using this measure Fitzpatrick found the average cost per job for the period 1983-89, using 1989 prices, to be £6,980 per job. This compared favourably with the IDA 1983-1989 figure of £9,773 which was calculated in a similar way.

Fitzpatrick points out that this is too narrow an approach if one is to look at all the outputs of the CEP. For example, business advice and part-time enterprise training yield more general benefits to communities. Generally the CEP programme yields benefits in terms of community development which are not necessarily quantifiable. In this context the flexibility of the programme is invaluable in that it can be tailored to meet local needs. The CEP support for community groups which in turn also support enterprise in their areas is also to be commended as it is possible that a large number of those who ultimately benefit would not otherwise receive support for their enterprise activities. Fitzpatrick states that employment created in this way can be estimated at 1,854 person years of employment between 1983 and 1989.

Fitzpatrick also points out that the programme is biased towards disadvantaged areas as 40% of its total activity is carried out among disadvantaged groups, such as

- inner city residents;
- residents in new suburbs;
- people in peripheral rural areas;
- deprived groups, e.g. travellers;
- residents in other unemployment blackspots.

The fact that the programme promotes economic activity in such communities is to be welcomed and this re-distributive aspect of the programme should be encouraged. In the area of training, the CEP devoted about £1m between 1986 and 1989 in providing part-time enterprise training involving over 2,000 people.

The Fitzpatrick report concluded that the CEP is cost-effectively creating sustainable employment both in relation to the achievements of other State agencies and in terms of net cost to the Exchequer. The report also pointed out that the total annual costs of the CEP have been falling rapidly, and its cumulative employment impact is rising while costs per job created under the programme compare favourably with other employment

promotion instruments. Fitzgerald also found that net Exchequer costs are very low in absolute terms, even when displacement and deadweight costs are considered. Fitzpatrick arrived at these conclusions without allowing for other economic and social benefits of the CEP which are not quantifiable.

Get Tallaght Working Group

As part of this evaluation the ESF Evaluation Unit visited the Get Tallaght Working group (GTW). This group is an example of a community group, supported by the CEP, which supports the enterprise activities of individuals from its own community.

The GTW group began in 1983-84 as a local lobbying and discussion group. Concern about unemployment and job creation in the area prompted the group's formation and the development of the Tallaght Plan in 1985. In 1986 GTW got its first CEP funded enterprise worker. Between 1986 and 1989 the group assisted 40 to 50 individuals to establish businesses. In 1987 as result of a perceived need for unsecured seed capital, GTW established the Tallaght Trust Fund with £40,000. Of this initial amount, £20,000 each came from Levi Strauss and the CEP. Levi Strauss assist community development projects worldwide. The Trust Fund operates as a revolving loan fund providing seed capital to Tallaght residents seeking to establish their own enterprises.

The next problem to be tackled by the GTW was the availability of suitable enterprise space in the Tallaght area. As Tallaght was a newly established area there was no stock of existing factory space that could be used. The need was for small units of approximately 500 square feet in size. The GTW group persuaded the IDA to give space to the group to be converted into suitable enterprise units. The County Council contributed funds and FÁS contributed funds and resources to convert the space into the desired set of units. The space arrangement arrived at between GTW and the IDA is unique and could serve as a model for other communities seeking space for incubator units. The group charges non-commercial rents and offers office services (secretarial etc.) to its clients. Depending on the success of the client the rent is increased to commercial rates. GTW must at least cover its costs and also must ensure that successful start ups move on and free up the incubator space for new enterprise in the pipeline. Every effort is made to limit the occupation of units to one year and the group will arrange other accommodation - e.g. with the IDA at commercial rates. The IDA's activities in this field are outlined in Section 7 below.

The GTW group is at present trying to expand its own activities. It has produced a Development Plan and has recruited a Director and part-time secretary both partially funded by the CEP. The group also uses the Social Employment Scheme to acquire secretarial services. This involves about two people at any time. The GTW's two enterprise workers operate as the link to the community for FÁS. They identify potential co-operatives and individuals who may establish in business. They channel people through to FÁS for Enterprise Training and the Enterprise Scheme. Enterprise workers in turn receive referrals from FÁS.

All groups which attend the CEP educational modules are encouraged to plan for their own development. As the GTW example demonstrates, group development is a time consuming process and it may well be a number of years before groups are in a position to facilitate the type of planning for the community as the GTW group has done. As such the development of enterprise in the community context should not be seen as a quick solution. Neither should it be considered in isolation from the overall context of community development of which it is a component part.

The Co-operative Development Council and Unit

The Co-operative Development Council (CDC) was established in 1988 under the terms of the Programme for National Recovery and was renewed for a further three years under the Programme for Economic and Social Progress in 1988. The Council's terms of reference are:

- ✧ to stimulate greater awareness about co-operatives and their potential for development and employment;
- ✧ to identify the needs of co-operatives and worker co-operatives in particular;
- ✧ to assist the creation of additional jobs through the promotion of commercially viable worker co-operatives.

CDU Funding

The Co-operative Development Unit (CDU) is the operational unit of the CDC which was established in FÁS. Part of CDU expenditure is eligible for ESF support and this eligible amount is claimed under Enterprise Training. The eligible activities account for 53% of

CDU funding which means that 34% of CDU funding comes from the ESF. The balance of expenditure is funded entirely by the Exchequer.

CDU FUNDING		
Year	*Total CDU Funding*	*ESF Amount*
1990	£618,000	£212,901.00
1991	£595,000	£204,977.50
1992	£483,000	£166,393.50

The CDU staff resources are six people consisting of a manager, four project staff and one person providing secretarial backup.

The CDU and the Co-operative Sector

The CDC and CDU were established partly as a result of Trade Union demands that measures be taken to assist the development of worker co-operatives. Worker co-operatives are owned and controlled by the people working in them. The members of a co-operative are both employees and directors of the co-operative. Worker co-operatives can be registered under the Industrial and Provident Society Act or as a Company limited by guarantee or by shares.

Worker co-operatives form a narrow client group. The size of the sector can be gauged from the fact that in 1992 there were 74 worker co-operatives in operation employing 416 people and this was the highest number ever.

*NUMBER OF CO-OPERATIVES AND WORKERS BY YEAR **						
Year	*1987*	*1988*	*1989*	*1990*	*1991*	*1992*
Number of co-ops	51	58	35	40	47	74
Total number of workers	433	441	295	282	315	416
Number of full-time workers	373	376	229	178	209	311
Number of part-time workers	60	65	66	104	106	105

**AONAD,"Profile of the Worker Co-operative Sector in the Republic of Ireland from 1987 to 1992.(AONAD, 1992) P.14.*

Over half of worker co-operatives in operation in 1992 were in their first or second year of operation. Overall the failure rate is high and co-operatives tend to be relatively short lived. However, the sector has had relatively little investment until recently and if the requisite support and promotion are provided the potential for growth and development must be good.

The national and regional industrial development organisations - the Industrial Development Authority, Shannon Development and Údarás na Gaeltachta, may assist co-operatives as part of their respective briefs. However, support and assistance from such organisations is limited by the main focus of these organisations which is not on the co-operative sector. For example, non-manufacturing co-operatives might find it difficult to gain assistance from the Industrial Development Authority or from Shannon Development. The CDU on the other hand was established to cater specifically for the co-operative sector. As well as the CDU, a number of non-State organisations also assist co-operative businesses, some of which are described in Section 7 on Other Enterprise Supports.

CDU assistance to co-operatives

A major role for the CDU is the promotion of the concept of the co-operative venture. This is carried out in a number of ways. With a view to encouraging the highest standards in the co-operative sector the CDU funds and organises a number of awards. These are the "Co-operative of the Year" and "New Co-operative of the Year" awards. General advertising to increase awareness of the potential of co-operative ventures is also undertaken by the CDU and the Unit also funds others who undertake such advertising. A school resource pack for teachers and pupils has been produced and distributed. The CDU produces the trade magazine of the co-operative, "Co-opportunities", a quarterly publication. This magazine is circulated within the co-operative sector and among business in general, particularly among purchasing personnel. Besides the dissemination of information it is hoped that business between co-operatives and business in general will be increased.

In the past the co-operative sector in Ireland has not had a high profile or a good image. The impression gained from co-operatives spoken to, is that this has changed in recent years. The work of the CDU has contributed to this change. In addition to its promotional work the efforts of the unit in assisting co-operative ventures in taking a more professional approach to business has paid dividends. Specific CDU assistance takes a number of forms, described below.

Training

The CDU has devised a range of training for co-operatives and provides funds for co-operatives to acquire training. This funding is usually for groups before or at start up but can be for established groups.

Business Advice

Business advice tends to be mainly for established co-operatives and tends to be instigated by co-operatives seeking assistance in dealing with operational or financial difficulty.

Grants

The feasibility study grant is the main feature of granted aid. Part of feasibility study is the production of a business plan. The unit is rigorous in its approach and will advise groups not to proceed with co-operative formation if, in its opinion, the project is not feasible. A wage subsidy may be paid in certain limited circumstances for a period not exceeding one year. This is a minor element of CDU activity. Feasibility study grants are given up to a maximum of £5,000.

Loans

In order to deal with the difficulty that co-operatives may experience in acquiring capital the CDU has established a loan fund. The fund is not yet operational as the CDU is at present negotiating with the other agencies (non-State co-operative support organisations) to administer the fund at local level. However, it is anticipated that the fund will be launched soon.

Employee Buyouts

Another feature of the CDU service is that of employee buyouts. The CDU seeks company owners who are interested in relinquishing ownership of their business and who would also be willing to transfer company ownership to employees. This may also be in the context of a rescue package where the company may otherwise go out of business. This area may prove to be a major source of expansion in the co-operative sector. The CDU is building up considerable experience in this area and has a range of specialist advice to offer.

Research

The CDU funds research into matters of concern to the co-operative sector. In the main, this research work has concentrated on the problems of those trying to establish themselves in the sector.

The Future of the CDU

The CDU has developed its role since its establishment in 1988. Originally its role was seen as purely educational and advisory. Since 1990 however it has been in a position to grant aid and will in the future be able to facilitate the provision of loans to co-operatives. The continued existence of the CDU is now under consideration as the Unit will soon have outlived the period set out in the national agreements. The ESF Evaluation Unit spoke to a number of co-operative enterprises about the needs of their sector and the service provided by the CDU. In general those spoken to thought that the CDU provides an acceptable service in relation to promoting the co-operative sector, and in relation to training. However, some questioned the rationale of the CDC and CDU being part of the FÁS organisation. Others pointed to the need of co-operatives for capital which the revolving loan fund to be organised by the CDU was intended to deal with. Complaints were made in particular about the delay in bringing the revolving loan fund into operation.

This section has described the different activities which come under the CEP. The CDU is a relatively new intervention and its impact will not be apparent for a number of years. The CEP, on the other hand, is in operation since 1983 and appears now to be yielding good results. The lack of follow up information on the CEP means that it is not possible to appreciate the extent of enterprise supports that local communities derive from the programme. However, community groups who use the CEP interviewed during the course of this evaluation have all had very positive experiences of it. In particular, its flexibility in meeting the needs of community groups should be noted.

4. ENTERPRISE TRAINING

Enterprise Training has evolved from AnCO's Start Your Own Business (SYOB) programme. The SYOB programme was 26 weeks in duration and took a much more broader or general view of enterprise training. Enterprise Training is 10 weeks in duration and seeks to cover only the core enterprise areas considered essential to those who wish to establish their own business. Only persons with a definite business idea are considered for Enterprise Training. The focus is on the production of a business plan and all participants who complete the programme will have completed a business plan. As a result of these changes Enterprise Training is now more selective in terms of participants selected and more focused in its training approach. As a consequence, the numbers receiving Enterprise Training have fallen.

Training Plan

The Training Plan for Enterprise Training includes the following modules:

- ✧ Business Planning
- ✧ Marketing
- ✧ Market Research
- ✧ Word Processing
- ✧ Insurance/Law
- ✧ Taxation
- ✧ Book-keeping
- ✧ Finance
- ✧ Sales
- ✧ Support Agencies

These and other modules are delivered in such a way that they contribute to the completion of the trainees' business plans.

Profile of 1992 Trainee Population

The information shown in the tables below is based upon data supplied by FÁS and abstracted from the client data base. It is aggregated from information supplied by trainees on registering with FÁS. These figures relate directly to the outturn figures already discussed in Section 2.

AGE AND GENDER OF ENTERPRISE TRAINING PARTICIPANTS 1992						
Males		*Total Males*	*Females*		*Total Females*	*Totals*
Under 25	Over 25		Under 25	Over 25		
240	468	708	240	560	800	1,508
16%	31%	47%	16%	37%	53%	100%

GENDER PROPORTIONS WITHIN AGE GROUPS 1992			
Under 25		*25 and over*	
% Male	*% Female*	*% Male*	*% Female*
50	50	46	54

It is surprising that females formed the majority (53%) of the 1992 Enterprise Training population. Males are usually in the majority in relation to enterprise measures. However, the high number of female participants was a trend seen in eight of the ten FÁS regions. The numbers of males and females in the under 25s age group were equal but there was higher female participation in the over 25 age group.

The analysis presented in the above table accounts for 1,508 of the 1,607 persons reported as throughput in 1992. The balance is accounted for by CDU throughput and throughput on Training and Special Projects. The latter are a number of enterprise training projects which do not necessarily meet the criteria for the mainline training and a small portion of the Enterprise Training budget is reserved for this type of training. Special Projects run in 1992 included enterprise training courses run in Irish Congress of Trade Unions centres for the unemployed and outreach enterprise training projects run by Community Training Workshops in inner city areas. The analysis of the CDU and Special Projects throughput is as follows:

OTHER THROUGHPUT							
	Total	*Male*	*Female*	*Under 25*	*Over 25*	*LTU*	*STU*
CDU	10	6	4	6	4	2	8
Special Projects	89	37	52	59	30	89	-

Educational Level

When registering with FÁS, trainees are asked to state the level at which they left the education sector. The levels of education for Enterprise Training participants for 1992 is shown below. In comparison with the FÁS average, the education levels of Enterprise Training participants are good. No participants had reached degree level and this is the case across all four measures under consideration. The proportion of persons with only primary or group level education is substantially smaller among 1992 Enterprise Training participants than among FÁS participants generally. The "Other" category, for 1992, includes those who reached sub-degree levels of education some of which would be technical in nature and also other non third level education.

EDUCATIONAL LEVEL 1992 PARTICIPANTS		
Level	*Percentage*	*All FÁS 1990 %*
Primary	6	23
Group	6	18
Intermediate	18	23
Leaving	33	28
Other	37	4*
Degree	0	4
Total	100	100

** Other third level sub-degree.*

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The Long Term Unemployed

Overall, 36% of participants were short-term unemployed and 64% were long-term unemployed. This is a very satisfactory level of participation by the long-term unemployed bearing in mind that the measure is not specifically targeted at this group. In one region, the Midlands, the long-term unemployed were in the majority (56%). This high trend of participation by the long-term unemployed was recorded across all regions. The lowest rate of long-term unemployed participation was 20% in the West region. The contribution made by Enterprise Training to the fight against social exclusion can also be gauged from the number of persons it assists from disadvantaged areas designated under the Programme for Economic and Social Progress. The Enterprise Training programme drew 11% of its participants from among persons resident in disadvantaged areas in 1992. In the Dublin North region 22% of participants were residents of disadvantaged areas. However, no information is available on how many long-term unemployed or socially excluded people actually proceed to set up their own businesses and how long those businesses survive.

Unemployment Benefit

On registration with FÁS, 634 Enterprise Training participants or 42% of all participants in 1992 reported that they were not in receipt of any social welfare payment in respect of their unemployment. Of these, 69% were female and 31% were male. These findings have implications in relation to the eligibility criteria for the Enterprise Scheme which will be discussed later.

Certification

Certification is less an issue for Enterprise Training participants who establish successful businesses. However, certification is of importance to programme participants who do not establish a business and those who fail in business. Both of these groups of former participants require certification when they seek employment.

Enterprise Training is developmental as the skills in question are essentially introductory and have a wide application across all sectors and businesses. Certification is at a basic level and participants who complete the course are awarded a FÁS Certificate of Training. This is a certificate of achievement. The assessment procedure is endorsed by the City and Guilds Institute of London under the joint certification agreement between FÁS and the Institute which is in operation since 1990.

The assessment procedure is built into the Enterprise Training Programme Specification which sets down the specifics of the programme to ensure consistency of standards of delivery throughout the country. A record system is in place to facilitate assessment. This includes an Enterprise Skills logbook maintained by the trainer on each trainee, a Business Skills Checklist agreed between the trainer and the trainee, a Coursework Portfolio compiled by the trainee and the Business Plan completed by the trainee. An appraisal interview takes place near the end of the training programme to assess the individual's enterprise capabilities, the feasibility of the project and to determine if any other form of assistance is necessary. The appraisal panel comprises the trainer and the local Employment Services Officer. Each trainee provides the panel with a written business plan and supports it with an oral presentation.

FÁS is developing a new integrated assessment system which facilitates certification of skills attainment at developmental or introductory level. This system has just been introduced on LTI courses and it is intended that it will be extended to Enterprise Training. A description of the Integrated Assessment system is contained in the section on LTIs.

Co-ordination between Enterprise Training and the Enterprise Scheme

It was intended that the two measures designed to cater for unemployed individuals seeking to establish businesses would be co-ordinated. It was hoped that individuals who had successfully completed Enterprise Training could move on to the Enterprise Scheme for income support during the start-up phase of their operations. However, problems of co-ordination and eligibility prevent this from happening in a lot of cases. Eligibility is a particular problem for many women who may not be able to meet the Enterprise Scheme requirement of having at least one social welfare payment in respect of unemployment because they work in the home. Another example of the eligibility criteria causing problems with the possible smooth switch over from Enterprise Training to the Enterprise Scheme is that of the newly redundant worker. Such workers may be required to wait for 13 weeks before becoming eligible for the Enterprise Scheme. There may also be problems with the timing of the start of Enterprise Training courses which may not necessarily be at the optimal time for those seeking training. This problem is more likely to arise outside Dublin.

Information on the post programme experience of Enterprise Training participants, during the the CSF period, is not available. It is estimated that approximately half of the participants do establish a business. Not all participants are expected to establish businesses. One of the results of participation is that some proposals are found not to be viable and the participant may decide not to proceed with the business idea. However, no information is available about the success of the businesses which do proceed to

start-up. It is also a matter of concern that so few people proceed from Enterprise Training to the Enterprise Scheme. In addition to the lack of information on the post programme performance of participants, there is no post programme support provided by FÁS. The provision of such support for Enterprise Training would both provide information on past participants and improve the chances of success for the new businesses established.

5. THE ENTERPRISE SCHEME

The Enterprise Scheme was established by the National Manpower Service in 1983 and is intended to facilitate unemployed people in establishing their own businesses and possibly creating additional employment as well as self-employment. The Scheme gives participants a weekly allowance of £40 (for those with no dependents) or £60 (for those with dependents) for a period of 40 weeks. In order to qualify for the Scheme, a potential participant must have been unemployed for a minimum of 13 weeks. Weeks spent on FÁS training courses may be counted but there must be at least one week in which a social welfare payment in respect of unemployment is paid. In order to help with initial establishment costs, provision for the capitalization of Pay Related Benefit up to a maximum of £500 was made. However, in practice this facility is rarely used. FÁS states that it makes every effort to encourage Enterprise Scheme participants to undertake Enterprise Training prior to entering the scheme.

Profile of 1992 Trainee Population

The information shown in the tables below is based upon data supplied by FÁS. The information is abstracted from the FÁS client data base and is aggregated from information supplied by trainees on registering with FÁS. These figures relate directly to the outturn figures already discussed.

AGE AND GENDER OF ENTERPRISE SCHEME PARTICIPANTS 1992

Males		Total Males	Females		Total Females	Totals
Under 25	Over 25		Under 25	Over 25		
167	1,101	1,268	96	278	374	1,642
10%	67%	77%	6%	17%	23%	100%

GENDER PROPORTIONS WITHIN AGE GROUPS 1992

Under 25		25 and over	
% Male	% Female	% Male	% Female
63%	37%	67%	23%

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As noted earlier, females tend to be in the minority among Enterprise Scheme participants. The forecast breakdown was for a split of 60% male and 40% female. This breakdown has never been achieved and the 1992 female proportion of 23% is the highest achieved. However, there are indications that the female participation rate is improving. Females account for 37% of those under 25, a rate significantly nearer to the forecast rate. In 1992 the participation rate for under 25s was 16%. Nobody under 18 years of age participated on the Scheme. This is roughly in line with 1990 and 1991 and is somewhat higher than the rate of 10% found by the ESRI for earlier years. Future forecasts should take note of this trend and also the fact that it is probably not desirable to have large numbers of young participants on enterprise measures as mature persons are more likely to succeed in establishing businesses.

Educational Level

On registering with FÁS, 92% of Enterprise Scheme participants indicated their level of education, illustrated in the table below.

EDUCATIONAL LEVEL 1992 PARTICIPANTS		
Level	*Percentage*	*All FÁS 1990 %*
Primary	13	23
Group	4	18
Intermediate	30	23
Leaving	30	28
Other	23	4*
Degree	0	4
Total	100	100

* *Other third level sub-degree.*

No 1992 Enterprise Scheme participants reached degree level education. However, the proportions with primary and group level education only is lower among Scheme participants than was the case with all FÁS participants in 1990. Nearly one quarter of Scheme participants indicated that they had reached "other" levels of education. This category includes sub-degree and other non third level courses.

Duration of Unemployment

The long-term unemployed made up 28% of the Enterprise Scheme population. This is an impressive level of participation by the long-term unemployed. Also, 11.3% of Scheme participants are residents of disadvantaged areas. As such the Scheme makes a useful contribution towards provision for the socially excluded. The post programme performance of these participants needs to be examined to establish how this group performs in comparison with other groups participating on the Scheme.

The ESRI Evaluation of the Enterprise Scheme

In 1988 the Economic and Social Research Institute published a report of research on the Enterprise Scheme. This report, "Self-Employment and the Unemployed", is still the definitive work in the area. At the time the report was produced the conditions of participation on the Enterprise programme were slightly different. The weekly allowance was set at a rate of £30 and £50 and was available for 52 weeks. The objective of the ESRI report was to examine the effectiveness of the programme in assisting unemployed people establish businesses and in creating employment for others and also to examine to what extent the programme assisted those who had most difficulty in the labour market. The study was based on data collected from interviews with 438 programme participants who had entered the programme between late 1984 and end March 1986.

Types of businesses formed and reasons for business failure

The ESRI report found the types of businesses established by programme participants in its sample to be as follows:

TYPES OF BUSINESS ESTABLISHED	
Sector	*Percentage*
Manufacturing	22
Services	
Building and Construction	16
Retail	17
Repair Car Bike	8
Personal Services	7*
Other Services	25
Agriculture, Fishery, Forestry	5
Total	100

* *Includes a large number of hairdressers*

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A heavy concentration of business in the non-traded services was noted. It was also noted that the majority of these businesses compete with other similar small firms in overcrowded local markets. This severely limits the capacity of the programme with regard to the overall creation of employment. Growth among such companies will be limited by the high degree of competition encountered. Despite this a number of businesses were seen to have the potential for considerable growth.

Reasons for business failure

It was found that the most important reasons for business failure were economic as outlined in the table below. The category of economic reason included lack of demand, too much completion, too high a level of costs, inadequate level of income from business and the end of the enterprise payments.

MAIN REASONS WHY BUSINESS CEASED TO OPERATE	
	Percentage
Took paid job / retired / gave up because of health	15
Economic Reason	47
Lack of Capital	14
Problems with Partner(s)	8
Miscellaneous Other	16
Total	100

The report points out that the overall level of business failure in the scheme is not unduly high with 55% of businesses still in full-time operation after two years. The rate of failure also decreases considerably over time. Twelve per cent of participants were found to drop out before they have completed their full period on the Scheme.

Business Success

The ESRI report identified three important measures of success among Enterprise businesses:

- length of time the business is in operation (duration);
- current gross annual turnover;
- current number of employees.

The report also identifies three factors which will influence the success of an Enterprise business:

- ✧ The type of business.
- ✧ The organisation of the business, the way it is run.
- ✧ Characteristics of the individual who sets up in business - for example, whether he or she has had previous experience in this area, his or her educational level, and suchlike.

The report recommends that more attention should be paid to the characteristics of the individual from the point of view of determining policies for targeting the scheme at those most likely to make a success of their business. Businesses established in the areas of Agriculture, Fishing and Forestry and in Manufacturing were least likely to survive. The most likely to survive were those in the Business, Insurance and Financial services. Businesses operating from premises were likely to survive longer than those operating from home. The larger the sum invested the more likely it was found that the business would survive. Previous experience in the area in which the individual was setting up was also likely to enhance the survival prospects of the business. The report recommends that the characteristics, found to be associated with success, should be considered when making decisions about candidates suitability for the Scheme. Such decisions would need to be tempered with a good deal of common sense and local knowledge.

Deadweight and Displacement

The net benefit of any human resource intervention can only be ascertained by subtracting deadweight and displacement from gross costs. Deadweight refers to the extent to which an intervention subsidises persons who would anyway have undertaken the course of action that the subsidy was designed to promote. Displacement on the other hand is the extent to which those subsidised take business from non-subsidised persons. The resulting switch in business represents no gain and should not be measured as part of the benefit attributed to an intervention.

The level of deadweight was ascertained by asking questionnaire respondents if they would have established their businesses without the assistance of the programme. The inadequacy of this simplistic measurement of deadweight was pointed to in the report. However, overall a deadweight rate of 62% was arrived at. While this may seem high, deadweight is not necessarily a bad thing in the context of the Enterprise Scheme, if the scheme improves the viability of the enterprises concerned.

Three-quarters of Enterprise firms operated in the services sector where they faced competition from already established firms, leading to the conclusion that the success of many Enterprise firms almost inevitably leads to displacement. Based on respondent's own estimates of the competition they face, the ESRI estimated that just over 90% of the business done by Enterprise Scheme firms is taken from other Irish firms, while, for every 100 full-time jobs created by the scheme (in employment and self-employment), around 60 are displaced elsewhere in the economy. However, the ESRI stressed that a considerable degree of uncertainty must be attached to any measure of displacement.

Other important findings were that 82.7% of Enterprise Scheme firms had no full time employees other than the Scheme participant. For every 100 businesses surveyed, 44 additional people were employed on a full-time basis. However, it was pointed out that a small number of assisted firms have a high potential for growth.

Due to its high levels of displacement and deadweight the ESRI concluded that the Enterprise Scheme does not make a large contribution to addressing the unemployment problem. When deadweight, displacement, the amount of failures and numbers employed are taken into account it was found that for every 100 persons admitted to the Scheme, approximately 32 persons were removed from the live register for one year.

However, there are other positive effects. The Scheme provides an avenue to enterprise for unemployed people some of whom would not otherwise attempt to set up in business. The ESRI survey also revealed that 25% of Enterprise Scheme participants were unemployed for a period greater than 52 weeks prior to Scheme participation. (The 1992 comparable figure was 28%). This must be seen as a very satisfactory proportion of participants coming from the long term unemployed.

It was recommended that the Scheme should have a reduced number of participants more stringently selected. The overall strategy should be to reduce the level of business failure and make successful businesses more successful. This would entail a switch to exporting or import substitution that will not displace jobs in the Irish economy. Proposals from those wishing to establish in the service sector should be more rigorously examined. It was noted that greater selectivity would inevitably lead to an increase in deadweight and that no attempts should be made to minimise this deadweight. On the other hand it was recommended that greater selectivity be used to reduce displacement. To an extent FÁS has tried to implement these recommendations. Fewer and more stringently selected people participate on the Enterprise Scheme. However, most Enterprise businesses are still established in the service sector.

Types of Businesses Established 1991

The following table shows the proportion of businesses established in different categories by all those who embarked on the Enterprise Scheme between January and September of 1991. This is the latest available information. Although the category titles are different from those used by the ESRI in their survey general trends are clearly evident.

CATEGORY OF BUSINESS	
Sector	***Percentage***
Agriculture / Forestry / Fishing	9
Energy and Water	1
Extraction of minerals, chemicals etc.	2
Metal Manufacturing, Electrical and Instrumental Engineering	4
Other manufacturing	10
Services	
Building and Civil Engineering	10
Distributive Trades, Hotels, Catering and Repairs	25
Transport and Communication	6
Banking and Finance, Insurance, Business Services and Renting	4
Other Services	29
Total Services	74
Grand Total	100

The ESRI figures shown earlier had a similar proportion of service businesses. The proportion of such businesses has therefore changed little between 1984 and 1991. The important point is that such businesses are invariably oriented towards serving a local market that is already quite crowded with competitors. As indicated above, the end result is likely to be that service businesses subsidised by the Enterprise Scheme will succeed by, in most cases, displacing existing business.

Follow-Up of Enterprise Scheme Participants

For this evaluation, all follow up data held by FÁS in relation to Enterprise Scheme participants over the period of the current CSF was requested. This information was to include success rates and the sectors of business in which Scheme participants established themselves. No such information is routinely collected. This is a matter of great concern. The question arises as to how FÁS can monitor the success of the measure. The annual reporting of a throughput figure is inadequate in this context.

The lack of follow up support provided to those who embark on Enterprise Training has been noted earlier in this report. The provision of post programme advice and assistance was seen as desirable by a number of those interviewed in the course of the compilation of the ESRI report. The provision of such advice and assistance might increase the survival rate of Enterprise firms. Some members of FÁS staff suggest that the Enterprise Workers funded under the CEP could form a network for the provision of advice and assistance to those who complete Enterprise Training and to those who embark on the Enterprise Scheme. Each of these persons could have an initial appointment with an Enterprise Worker to discuss possible assistance. In general the responsibility for follow up would lie with the Enterprise Worker. Increased funding to ensure the existence of such a network of Enterprise Workers is discussed in relation to the CEP. The provision of post programme support should also involve the gathering of basic information about participants and the monitoring of their progress during the period of the Scheme and for a period after the termination of the Scheme.

6. LOCAL TRAINING INITIATIVES (LTI)

Local Training Initiatives comprise two elements, the Community Response Scheme and locally identified and requested specific skills training provision.

Community Response Scheme

A considerable portion of Local Training Initiatives (LTIs) is made up of the Community Response Scheme (CRS). This Scheme grew out of the experience FÁS gained through working with communities under the Community Youth Training Programme (CYTP). CYTP, which is still in operation, is mainly concerned with construction training projects organised around the provision of buildings for community use. One example is the provision of enterprise centres. Other projects concern the restoration or creation of tourism attractions. In the case of CYTP, the community provides all the required facilities and materials necessary and FÁS uses the project as an opportunity for trainees to acquire training practice. All parties to the arrangement have something to gain but FÁS is always anxious that the building project does not occur at the expense of the training element.

CYTP represents one rather limited form of training in the community in that it is mainly associated with the building and construction trades. As a consequence, the trainee profile is mainly confined to males of average or below average educational attainment. The worsening employment outlook has meant that well educated young people, including an increasing number of graduates, are not catered for under schemes such as the CYTP. The CRS was conceived of as a means of extending the forms of training in the community. New ways of integrating training and community needs were sought. Initially the scheme engaged in social survey type activity whereby a community might undertake a survey of community needs and potential in terms of employment creation. CRS activities have broadened out to include archaeological, historical and tourism and heritage or genealogical projects. Although CRS projects tend to provide a useful product, their activities are governed by the requirements of a training plan into which all other activities are integrated.

CRS projects are run by a co-ordinator jointly recruited by the local community sponsoring the course and FÁS. The community sponsor provides the premises, with all the necessary facilities, and receives a small materials grant from FÁS towards the course

costs. Every effort is made to recruit trainees from the community in which the course is being run. CRS projects usually run for a period of six months.

A considerable portion of CRS activity is genealogical in nature. The demand for these projects arose primarily from tourists with Irish origins seeking to identify their roots. The need to co-ordinate this activity was identified in order to standardise the types of records being produced. A company formed by representatives of professionals and other interested parties, the Irish Genealogical Project (IGP), was formed to standardise what was becoming a national tourism resource. The IGP employs a number of managers to provide technical and managerial backup to projects. The IGP has put the production of genealogical records on a national basis and linked the production of this type of tourism product to a network of heritage centres currently being established throughout Ireland. It is planned that 35 such centres will be established. Thirty centres are at present in various stages of development. This genealogical network encompasses the whole of Ireland. In this context the International Fund for Ireland has supported the network and has provided £1.5 million (sterling) to equip the projects with a standardised computer systems and software packages. The IGP organisation is not ESF funded but the training and research carried out by the local communities are. CRS projects of a genealogical nature are structured around a training and research plan and the IGP has produced model plans in an effort to standardise the approach. Local managers for the operation of genealogical projects are employed by local groups. FÁS insists that the training plan takes precedence over the research plan. It is a concern that the training needs of the project are met as a consequence of meeting the research needs.

Links continue between the CYTP and CRS. An example of this is the recent restoration of St. Doulagh's church at Malahide, Co. Dublin which was visited during this evaluation. This important historical building was restored under the aegis of the CYTP. A CRS project was organised around the need to collect suitable material for the church. The result is that an excellent tourist attraction now exists and that training in the community has taken place in the context of this important development.

Other LTI Activity

LTI activity is intended to be a flexible training provision to which local communities can have access. This provision is intended to fill local training gaps identified by the community. Outside of the context of the CRS, the LTI budget allows communities who have identified a local skill shortage (usually a once off measure) to acquire training. This may be a local skill need that may enable those trained to establish themselves in local employment to satisfy the local need. An example is a recent thatching training course run in the South-East region. This was a once off course catering to the local need. In this context the LTI training is involved in the delivery of specific skills, such as thatching

and boatbuilding, not normally catered for under the FÁS Specific Skills Training Programme. These activities are in the main crafts, including traditional crafts.

LTI activity also tends to favour underprivileged areas and communities. For example the "Opportunities for Travellers" provision gives members of the travelling community enterprise training that may not otherwise be available to them and which may be specifically tailored to meet the needs of such communities.

In 1992, LTI activities delivering specific skills in a community context accounted for 949 trainees or 41% of total LTI activity. The courses attended by these trainees were as follows:

- Arts Worker
- Boatbuilding
- Ceramic Design Skills
- Community Development
- Community Enterprise
- Community Leadership
- Co-op Development
- Craft Cheesemaking
- Cultural/Tourism
- Guest House Management
- Opportunities for Travellers
- Rural Development
- Skills Development Training
- Thatching
- The Job Club
- Theatre in the Community
- Updating of Skills.

Courses on Community Enterprise and Co-Op Development seem to be more appropriate to other measures described in this report.

Trainer Skills Updating

Among the recruitment criteria for trainers, or course co-ordinators, on LTI courses is that they should have relevant experience in the content of the training they deliver. A structured programme of training for LTI course co-ordinators would be impractical in the sense that the courses are run at different locations at different times of the year and co-ordinators are usually employed on contract on a once off basis.

Certification

Certification on LTI courses is currently in transition. Until 1993 certification was given in the form of a FÁS certificate of achievement on some LTI courses. Assessment for this type of certification was undertaken through a profiling system. This system involved LTI trainers profiling certain character traits and skills attainments of trainees. This was less than satisfactory because it involved many trainers whose subjective judgement was not susceptible to comparability. The system was also difficult from an administrative point of view. In cases where certificates of attendance were not issued it was usually the case that some form of certification was used on some modules. For example Pitman certification was used in the case of word processing modules.

With the assistance of the Euroform Community Initiative, FÁS has developed a new system of Integrated Assessment for Introductory Level Certification for Developmental Training Programmes. This system has been introduced across the range of LTI courses. Integrated Assessment is designed to facilitate the certification of attainment of skills. The central feature of the system is that practical and personal skills are jointly assessed on the basis of practical project work. This approach provides a useful model for training as well as assessment. All course activities are assessed through the use of exercise sheets which detail the skills to be imparted at each stage of training and also the standards to be reached in order to satisfactorily complete the exercises. The recording of assessment information is carried out by trainers and trainees. The certification issued will be in the form of a FÁS Certificate. City & Guilds Institute of London endorses the assessment procedure. The first trainees to receive this type of certification are undergoing training at present.

Profile of 1992 Trainee Population

The information shown in the tables below as in the other programmes discussed is based upon data supplied by FÁS from the client data base. These figures relate directly to the outturn figures already discussed.

AGE AND GENDER OF LTI PARTICIPANTS 1992						
Males		Total Males	Females		Total Females	Totals
Under 25	Over 25		Under 25	Over 25		
396	158	554	912	838	1,750	2,304
17%	7%	24%	40%	36%	76%	100%

GENDER PROPORTIONS WITHIN AGE GROUPS 1992			
Under 25		25 and over	
% Male	% Female	% Male	% Female
30	70	16	84

The forecast in relation to the male/female breakdown of LTI was for a majority of males in the training population. However females have formed the majority in the years 1990, 1991 and 1992. This is not surprising given that a considerable portion of LTI courses focus on office skills which are traditionally areas that attract a greater number of females than males. The imbalance between males and females is less pronounced in the younger age groups.

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Educational Level

EDUCATIONAL LEVEL		
Level	*Percentage*	*All FÁS 1990*
Primary	14	23
Group	5	18
Intermediate	15	23
Leaving	42	28
Other	24	4*
Degree	0	4
Total	100	100

** Other third level sub-degree.*

Of the four measures under consideration, LTI in 1992 has the highest proportion of participants to have reached leaving certificate level only. As is the case with Enterprise Scheme and Enterprise Training no LTI participants reached degree level. The trend of lower (than the 1990 average) proportions of persons reaching primary and group level only is also evident among LTI participants.

The Long-Term Unemployed

The long-term unemployed formed 38% of the LTI trainee population in 1992. This is the largest proportion of long-term unemployed on any of the four programmes under consideration. One person in eight (12.4%) of the 1992 LTI trainee population was resident in a disadvantaged area. Overall it can be said therefore that the LTI makes a considerable contribution to training for the socially excluded.

The description above demonstrates that a large portion of the activity funded under LTI is not designed to meet the training needs of local communities in the context of locally initiated job creation projects. For example, the genealogical projects are centrally co-ordinated and cannot be said to be locally initiated. The LTI projects in these cases are mainly intended to provide manpower to carry out a programme of work, usually the cataloguing of historical information. Training is provided in this context but not for specific jobs resulting from a community job creation project as anticipated in the description of LTI in the OP. Although there is no information relevant to the CSF period about the post programme experience of LTI participants it appears that in most cases the trainees' connection with the local initiative ends on termination of the course. The

work and training carried out under LTIs is useful and worthwhile. However, from an enterprise perspective it cannot be clearly categorised as direct support to communities for the establishment of enterprise.

7. POST PROGRAMME EMPLOYMENT STATUS

In 1990 FÁS commissioned the Economic and Social Research Institute to conduct a survey of persons who completed FÁS training courses and employment schemes between January and March of 1989. During this period 14,779 persons completed training courses and employment schemes. Excluding apprentices and sponsored trainees, the sample taken consisted of 1,385 ex-trainees. The survey collected information about individuals and their employment status for a period of up to 14-17 months after completion of their courses or employment schemes. The survey collected information from a sample of those who had participated on Enterprise Training, the Enterprise Scheme and Local Training Initiatives (LTI). Information on CEP participants was not collected. The survey sample encompassed 9.2% of LTI trainees, 5.4% of Enterprise Training participants and 2.04% of Enterprise Scheme participants who completed training during the survey period. It should be noted that the results of the survey relate to the pre CSF period and some changes in performance may have occurred since this time. A further survey of programme participants is currently in preparation related to the post programme performance of 1991 participants. Results of this survey will not be available until late 1993.

Post Programme Employment Status

The employment status of Enterprise Training and LTI participants and of all FÁS participants surveyed is shown below. Information about Enterprise Scheme participants is not presented as by definition all those participating on the Enterprise Scheme were in employment.

ENTERPRISE TRAINING %				
Months	*End*	*6*	*12*	*14 - 17*
At Work - Ireland	27	51	60	64
At Work - Abroad	2	13	9	7
Training/Employment Scheme	2	7	2	4
Further Education	4	2	4	-
Unemployed	49	14	16	16
Home Duties	16	13	9	9
Emigrated not Working	-	-	-	-
Other	-	-	-	-

At the end of the Enterprise Training programme only 29% of participants were at work while nearly half were unemployed. However, this position is more than reversed 14-17 months after programme end. The proportion of those at work had more than doubled to 71% and only one third of those who were unemployed at the end of training were still unemployed 14-17 months later. Most of the increase in the numbers of those at work took place in the first six months after training ended. The placement of Enterprise Training compares favourably with the placement record of all FÁS trainees surveyed. After 14-17 months, 71% of Enterprise Training participants were at work while the figure for all FÁS training participants was 50%.

The figures presented above for Enterprise Training placement include both those who established their own business and those who found employment with others. However, in response to queries from the Evaluation Unit about the start up rate for Enterprise Training participants, FÁS contacted the instructors on 10 recently completed courses and inquired about the number of trainees who had established themselves in business. Overall the rate of start up on these courses was 45 to 50%. The instructors stated that they would expect the level of start up to increase over time and that the overall failure rate would be expected to be at least 50%. The level of start ups on Enterprise Training is an improvement on that which obtained on the Start Your Old Business Programme which preceded it. The start up rate on the previous programme was usually around 30%. To a large extent, this improvement is probably due to the more focused selection procedures used in recruitment for Enterprise Training.

LOCAL TRAINING INITIATIVES %				
Months	*End*	*6*	*12*	*14 - 17*
At Work - Ireland	46	57	59	59
At Work - Abroad	2	8	6	6
Training/Employment Scheme	2	6	7	5
Further Education	-	-	3	3
Unemployed	43	19	19	21
Home Duties	5	3	3	3
Emigrated not Working	1	5	3	3
Other	1	2	-	-

At the end of training the proportions of LTI participants at work and unemployed were similar. However, in the first six months after training the proportion of participants who were unemployed halved and the proportion of those at work rose by 17 percentage points. After the first six months after training there was no change in the numbers at work and very little change in the number unemployed. This would suggest that the first six months after training are crucial in terms of job seeking for LTI participants. The placement performance of LTI is good when compared with the FÁS average figure but LTI has a higher unemployment proportion at the end of 14-17 months than is the case with Enterprise Training.

ALL FÁS PARTICIPANTS %				
Months	*End*	*6*	*12*	*14 - 17*
At Work - Ireland	26	38	42	44
At Work - Abroad	2	7	6	6
Training/Employment Scheme	2	5	7	7
Further Education	1	1	2	2
Unemployed	62	43	38	36
Home Duties	4	4	3	3
Emigrated not Working	1	1	1	1
Other	2	1	1	1

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The FÁS Follow Up Survey shows that the end of training situation does not give a complete account of the employment status of trainees and that to arrive at a more accurate estimate of true placement levels the employment situation of programme participants must be tracked for a period of at least six months after training ends. This post training placement trend was also experienced in the ESF Evaluation Unit's evaluation of the Specific Skills Training Measure.

Other interesting information about programme participants includes the proportion of participants on each programme who had previously held a job and the weekly wage programme participants received in their first job subsequent to the programme.

PROPORTION WHO HELD JOB AT ANY STAGE PRIOR TO PROGRAMME	
Programme	***Percentage***
Local Training Initiatives	38%
Enterprise Training	58%
Enterprise Scheme	90%
Total for all FÁS Programmes	59%

As one would expect from the measure with the age profile of Enterprise Scheme most participants had previously held a job while only 38% of LTI participants had held a job prior to course participation. An important finding among those Enterprise Training participants who previously held a job was that 24% were employed in a professional or technical capacity in their last job. This augers well for the skill level of those undertaking Enterprise Training. Eleven per cent of Enterprise Scheme participants were previously employed in a professional or technical capacity. It will be remembered that the educational levels of Enterprise Training participants were significantly greater that those of Enterprise Scheme participants. This difference in educational qualifications is obviously reflected in the types of jobs previously held by both sets of participants. Thirteen per cent of LTI participants, who had previously held a job, were previously employed in professional or technical capacities. However, only 38% of LTI participants previously held a job. The high proportion (42%) of Enterprise Training participants who had not previously held a job is a matter of concern.

With regard to the industry in which course participants were previously employed the most interesting figure is the 39% of Enterprise Scheme participants previously employed in building and construction. This is reflected in the finding, in the ESRI report on the Enterprise Scheme, that one in six persons participating in the Enterprise Scheme had established business in the building and construction sector.

Average Weekly Wage

The average weekly wage, in their first job subsequent to training, of those who had participated on the Enterprise Scheme or Enterprise Training was £122.56 which when compared with all other FÁS measures was the highest average figure. The overall average for all FÁS measures was £90.50. Part of the explanation for this may be that in general participants on the enterprise measures are more skilled and experienced than the average FÁS trainee. The older age profile may also mean that we should expect a higher average wage rate than would be the case with other measures with younger populations.

Perceived benefits of programmes

The 1990 Survey sought the opinions of programme participants about the benefits of the courses/schemes they had attended. As anticipated, the enterprise programmes scored highly relative to other FÁS measures. As the trainee population profiles have shown, enterprise programme participants tend to be older and have more work experience and as a result usually perform well in the labour market. This will enhance the participant's perceptions of the benefits of the course. Material on the Enterprise Scheme was not collected as the information sought assumed that the respondent was in receipt of some form of training which is not the case with the Enterprise Scheme.

Opinions were sought as to how course/scheme participation had effected the trainees confidence, ability to identify job opportunities, interview presentation, ability to gain employment if the course/scheme had imparted new skills and what subsequent use was made of those skills. The provision of new skills is a vital factor in promoting industrial development as well as being of great importance to the individual trainee as regards his/her future economic performance.

IMPROVED CONFIDENCE %			
	LTI	*ET*	*All FÁS*
A lot	39	48	37
A little	36	43	37
Not at all	25	9	26

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HELPED IDENTIFY JOB OPPORTUNITIES %			
	LTI	*ET*	*All FÁS*
A lot	36	39	31
A little	26	39	36
Not at all	38	22	33

HELPED GET A JOB %			
	LTI	*ET*	*All FÁS*
A lot	24	40	24
A little	22	30	16
Not at all	54	30	60

GAVE NEW JOB SKILLS %			
	LTI	*ET*	*All FÁS*
A lot	38	27	30
A little	26	46	28
Not at all	36	27	42

Enterprise Training compares quite favourably to the average for all FÁS training measures under all headings. On the important question about the gaining of new skills, overall 73% or nearly three quarters of course participants indicated that they had received some new skills from the training. This is an important indication of the effectiveness of Enterprise training. LTI scores a little above average in terms of the FÁS average figure.

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SATISFACTION WITH TRAINING PROGRAMME %			
Rating	**Training Quality**	**Relevance**	**Content**
Local Training Initiatives			
Satisfied	76	69	64
Undecided	5	5	8
Dissatisfied	19	26	28
Enterprise Training			
Satisfied	86	79	77
Undecided	2	7	9
Dissatisfied	12	14	14

Enterprise Training performs very well, under the above satisfaction ratings, but is marginally out performed by Specific Skills Training. However, the overall ratings given by participants for Enterprise Training are good indications of satisfaction. The LTI performance with its slightly lower levels of satisfaction must also be viewed as acceptable when it is borne in mind that the circumstances of delivery will inevitably mean a variation in quality.

The material contained in this section gives some indications of the effectiveness of the enterprise measures, particularly Enterprise Training and LTI, relating to 1989 participants. The availability later in 1993 of information related to 1991 participants will provide valuable data for further analysis of the performance of the measures. The 1990 survey demonstrates the following important results:

- ✧ on Enterprise Training, 71% of participants were in employment 14 to 17 months after completion of training;
- ✧ on LTI, 65% of participants were in employment after the same lapse of time.

The emergence of trends related to post programme performance can be identified when the new survey is available. It is important that similar tracking mechanisms should be developed for the Enterprise Scheme and the CEP.

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8. OTHER ENTERPRISE SUPPORTS

FÁS measures concerned with enterprise assist a considerable number of individuals and community groups to establish themselves in business. However, the impact of the FÁS measures should be seen in the context of other forms of assistance available. A network of agencies, with both national and local focus, encourage and assist those involved in the establishment of small business. A complete survey of such agencies is beyond the scope of this report. However, an outline of the agencies in one area illustrates the range of supports available. The area chosen for this brief case study was the inner city of Dublin. The brief listing of agencies which follows represents a sample of such activity and is not exhaustive.

Community Groups

There are a number of agencies/organisations dealing with the issue of enterprise as part of a wider brief. Within the inner city of Dublin all community groups are supportive of individuals and groups seeking to establish enterprises. They also offer initial advice and refer people on to other agencies with a more specialised role. Community groups themselves also engage in enterprise. An example of a community group involved in a range of enterprise activities is the Larkin Unemployed Centre located in the North Inner City area of Dublin. A number of co-operative ventures operate from the Centre. The Centre itself provides a wide range of services to the unemployed including advice on co-operative ventures, in which the Centre specialises. Under the CEP, FÁS has funded an enterprise worker whose time is spent assisting a number of co-operatives who have established with the Centre's assistance. The Centre is pro-active in co-operative development and often identifies the co-operative opportunity and then puts together a team of people to pursue the project. Other community groups have some involvement in the encouragement of enterprise to a greater or lesser extent than that outlined above.

County Enterprise Boards

Under the Programme for Government it was agreed that arrangements would proceed for the establishment of County Enterprise Boards which will be empowered to seek funding to assist local development, the start-up of small enterprises and the promotion

of tourism projects. The task of establishing these Boards lies with the Minister of Enterprise and Employment and they are expected to become operational shortly.

EC Global Grant for Local Development

The Global Grant for Local Development is an EC/Irish Government Initiative. It aims to directly fund local groups which bring together the various socio-economic interests present in the local community in a local partnership. The Global Grant is administered by Area Development Management Ltd., an independent company and funding will be based upon integrated action plans. Area Development Management Ltd. has recently sought applications for funding.

Dublin Inner City Partnership

The Dublin Inner City Partnership (DICP) was established as one of the Partnership Companies under the area based strategy to combat long-term unemployment announced in the Programme for Economic and Social Progress (PESP). There are 10 partnership companies operating in disadvantaged areas nationwide. Each Partnership Company is composed of representatives of the local community, local business and all relevant State agencies including FÁS. The DICP has recently been assigned the role of co-ordinating the response of the various agencies in relation to long-term unemployment. The DICP sees its main area of impact as lying in the development of a local economy. Despite the fact that the inner city is a prime shopping and office area, the local population is largely excluded from the economic benefits of these activities. The DICP will seek to develop economic activities that will benefit inner city residents. Enterprise development will be a part of this. However, it will be a minor part as the DICP does not see its success as coming primarily through the encouragement of enterprise activities among local residents.

A special scheme for encouraging self employment among unemployed residents of Area Partnerships has recently been introduced. This involves the payment of an allowance equivalent to the social welfare payments the person would have been entitled to while on the Live Register. This allowance is available for a twelve months period. The intention is to ensure a family income while the new business is getting underway. Secondary benefits (i.e. Christmas bonus, fuel and butter allowances, medical cards, etc.) associated with the payment are continued and assessments of the proposed business projects are undertaken by the Area Partnership. At the end of the twelve month period persons who have established viable projects will be transferred to the Enterprise Scheme.

The Enterprise Trust

The Enterprise Trust was established by the employer organisations (IBEC, CIF, ICOS) as part of the employer contribution under the PESP. It was intended as a vehicle that would raise funds from the private sector to support the Partnership Companies in their activities which includes enterprise support. To date the Enterprise Trust has made a number of grants to the PESP Partnership companies but it is too early to attempt to assess its contribution.

Dublin Institute of Technology

The Product Development Centre of the Dublin Institute of Technology runs an "Enterprise Development Programme". This programme is intended to assist graduates to establish new innovative businesses. Training Workshops, a Mentor Scheme, Management Support and an Appraisal System are elements of the assistance afforded under the programme, which is co-ordinated by the Department of Education and receives ESF funding under the Innovatory Projects/Technical Assistance Operational Programme.

The Industrial Development Authority (IDA)

The IDA provides a number of services for the small business start-up, all of which (except where indicated otherwise) are co-financed by the European Regional Development Fund under the Industry and Services Operational Programme.

Small Business Support Structure

The present policy and structure for dealing with small businesses evolved during the 1980s. Considerable emphasis was put on stimulating small business start ups through the Small Business Development Programme, and in assisting existing small businesses to grow. This took place in the context of a regional approach and a Small Industry Board was established in each of the 8 IDA regions. The members of these Boards are local business people and representatives of local business organisations and the Boards are chaired by the IDA regional manager. A small industry budget is allocated to each region and each Small Industry Board has control over approvals for its region. The Enterprise Development Programme and International Services Programme are exceptions to this regional approach. Central committees at IDA Head Office administer these programmes. In the 1980s the volume of companies dealt with under the programmes for small business would have been of the order of 700 to 800 each year. More recently a more selective

approach has been taken and the current annual average number of companies dealt with is approximately 250 each year. Approximately 4,000 to 5,000 jobs are created annually under the Small Business Development Programme. The average company has 16 to 20 employees, a much larger operation than those which FÁS aims to assist.

Space Provision

The IDA is also a major provider of space for new enterprise in Dublin and it maintains Enterprise Centres at East Wall Road, Prussia Street, Pearse Street, The Liberties and Gardiner Street. These centres collectively contain more than 400,000 square feet of factory space divided into small units. This is a very important element of IDA provision for small businesses as one of the impediments to a successful start-up is locating suitable space at the right price. The IDA units would not necessarily be devoted to small start-ups but would be the type of space that a successful small business might move on to. Other enterprise space providers are listed below.

The IDA tends to only consider projects which have a minimum employment potential of 5 persons and as a result does not provide space for one person operations. The IDA also charges commercial rates for space which in many instances would be prohibitive for very small business start ups. However, the IDA grant aids community groups who wish to establish their own enterprise centres from its capital grant monies. This entails half the resulting space being reserved for IDA assisted projects. The IDA grant aids these centres up to a level of 45% of half the total expenditure. The Bolton Trust and Spade (see below) have been assisted to some extent in this way.

The Small Business Programme

The IDA also offers advice and grant aid, through its Small Business Programme, towards job creation in new or existing small enterprises. There is a failure rate of approximately two-thirds of companies assisted under the Small Business Programme. Among the services offered to small business in the pre start up situation is access to feasibility study grants. Those intending to establish a business may test the feasibility of their idea. Feasibility study grants are available up to a maximum of £15,000.

The Management Development Grant Programme is available to new and existing small businesses. This grant programme is valuable in that it provides assistance towards acquiring much needed management skills for small businesses at a time when they are most in need of these skills. In many ways the IDA has moved towards assisting small businesses to acquire human resource assets as opposed to their previous emphasis on

assisting companies to acquire large fixed assets. The employment of approximately 1,800 persons per year is subvented in this way. This measure is ESF assisted.

Other IDA Supports

The Mentor programme provides experienced business people who will advise small companies. The IDA maintains a panel of such people and try to match the small company with the mentor most appropriate to its needs. This service is only available to existing companies and in the enterprise sense must be regarded as a useful follow up service. Ten days of business advice are usually provided although more days may be given if the situation warrants it. Users have found this service to be valuable in terms of the transfer of expertise it facilitates.

A small number of high potential start-ups receive assistance under the Enterprise Development Programme. Some financial support and intensive management team/project building activity is provided under the programme. The people concerned are mainly technical persons with a good track record in industry who may wish to leave their parent company to establish their own business. A small number of this type of project is assisted each year. At present there are approximately 12 such projects receiving assistance.

Research and Development grants are also available for the development of new products and processes by small businesses. Research and Development grants are available up to a maximum of £60,000 although only large projects would require that scale of expenditure.

It is clear that the type of operation that would attract IDA support is not the typical one person operation that would be encountered on the Enterprise Scheme or on an Enterprise Training course.

The Powerhouse Trust

The Powerhouse Trust grew out of the Bolton Trust which was established by staff from the Colleges of the Dublin Institute of Technology (DIT). The Bolton Trust has financially aided a number of new enterprises. However, in recent times it is mainly concerned with the development of the Powerhouse Enterprise Centre which was established in the former Pigeon House Hotel in Ringsend with the assistance of the Electricity Supply Board and the IDA. Professionals from the DIT assisted in the restoration of this building. The

Powerhouse Enterprise Centre is designed to assist young people in establishing enterprise. This is particularly so in relation to DIT graduates whom the trust would like to see establishing new enterprises particularly in new technology areas. The Centre provides space and co-ordinates the consultancy services which the DIT staff provide free to the users of the centre. Some projects using the centre will already have been assisted by the DIT Product Development Centre.

The Liffey Trust and SPADE

The Liffey Trust and Spade are organisations primarily concerned with space provision. The Liffey Trust was established in 1985 and its primary activity is the provision of space for small enterprises. The Trust has large premises at Lower Sheriff Street. A number of back-up services (secretarial etc.) are also provided to those using the trust premises.

SPADE, a community development company, operate an enterprise centre in St. Paul's church in North King Street in Dublin. With FÁS assistance, through the CYTP scheme, the building was converted into 24 units for newly established small businesses. Back-up services are available at the centre.

First Step

First Step was established in 1990 by a leading Irish personality, Norma Smurfit. First Step is a company with charitable status which aims to involve people from the private sector in assisting people from disadvantaged areas establish their own businesses. Two main forms of assistance are offered to those establishing businesses. These are interest free loans up to a maximum of £10,000 and the provision of business advice by members of a panel of business people maintained by First Step.

The Irish Trade Union Trust (ITUT)

ITUT was established by the Services Industrial Professional and Technical Union (SIPTU). SIPTU is the largest trade union in Ireland. ITUT was established as part of SIPTU's response to the unemployment crisis. As such ITUT is concerned with a range of issues connected with unemployment. Part of the brief is to offer support to groups wishing to establish co-operatives. The Trust provides advice and a limited amount of funding to those establishing co-operatives. The Trust operates in conjunction with the Co-operative

Development Unit which is described in the section dealing with the Community Enterprise Programme.

Inner City Enterprise (ICE)

ICE began operating in 1992. The Board of ICE is composed of representatives of Government, Trade Unions, Church and the private sector. However, ICE is private sector led and is concerned with the re-establishment of an enterprise culture in the North Inner City area through the provision of business support to those establishing small industry in the area. ICE offers those intending to establish a new enterprise the following services:

- ✧ Business advice either through ICE personnel or from a panel of business advisors.
- ✧ The provision of loans, to a maximum of £5,000, to new enterprises at interest rates lower than those commercially available.
- ✧ The provision of rent subsidies, up to a maximum of £2,000 to those experiencing difficulty in acquiring suitable space at a reasonable price.

The Guinness Workers Employment Fund

The Guinness Workers Employment Fund was established in 1958 and is financed by its members, Guinness workers or former Guinness workers, who pay a weekly subscription to support the fund. The Guinness Group provides premises and administrative support for the fund. The Fund itself is managed by a voluntary committee of ten people. The Fund exists to give loans, usually up to a maximum of £5,000 and at less than commercial rates, to those establishing in business who cannot raise funds from the financial institutions.

The Dublin Business Innovation Centre (DBIC)

The DBIC was established in 1987 and is located at the IDA enterprise centre in Pearse Street. DBIC was established to assist with the development of enterprise in the Dublin region. However, it is selective in the projects it assists concentrating on projects with very high potential and, as one would expect, projects involving technological innovation. The centre assists its projects with advice, planning services and a range of business contacts in Ireland and abroad. Financial modelling services are provided as well as assistance with the locating of investors. DBIC charges fees for most of its services. The centre operates its own seed capital fund. The DBIC is one of four Business Innovation

Centres supported under the Industry and Services OP Sub-Programme for the Development of Irish-owned Small Business. The other three centres are located at Cork, Galway and Limerick. All four Business Innovation Centres are assisted by the European Regional Development Fund.

This small, and incomplete, survey of supports available to those wishing to establish small businesses shows that a large range of such supports are available. The range and the different aspects of enterprise the agencies address must be confusing to those seeking such support. The following section makes recommendations for more coherence in the enterprise provision of one agency, FÁS.

9. CONCLUSIONS AND RECOMMENDATIONS

FÁS and Enterprise

The three main elements of FÁS enterprise support activity, the Enterprise Scheme, Enterprise Training and the Community Enterprise Scheme (CEP) were all in existence before the formation of FÁS. The Enterprise Scheme was run by the National Manpower Service, Enterprise Training was run by AnCO and the CEP was run by the Youth Employment Agency. Local Training Initiatives (LTI) developed from other FÁS activities. When the three organisations merged to form FÁS in 1988 they each took their own separate enterprise activity with them. In effect these enterprise activities have never been properly integrated.

The rationale behind the existence of the different schemes is that they are targeted at different client groups. The Enterprise Scheme and Enterprise Training were to cater for individuals who wished to establish themselves in business. The CEP and LTIs were intended to meet the needs of communities who wished to tackle local employment creation through enterprise. The Co-operative Development Unit (CDU) also aims to assist groups who wish to establish their businesses as co-operative ventures.

The absence of effective co-ordination and lack of progress towards the integration of the enterprise measures was commented upon by FÁS staff during the course of this evaluation. Within each region different managers have responsibilities for various aspects of the enterprise provision. This militates against the co-ordination of provision. One suggestion put forward by FÁS staff was that at the very least there should be one manager made responsible for enterprise in each region and that such managers should be given responsibility for the enterprise budget in their regions.

The Integration of Programmes

Since the establishment of FÁS in 1988 some changes have been made within programmes. However, little progress has been made in the integration of enterprise programmes. The administration and funding of each programme is quite separate. FÁS proposals for structural fund aid after 1993 include the integration of its enterprise provision and it is recommended that the Department of Enterprise and Employment supports FÁS in its integration plans.

The administration of enterprise programmes should be integrated. At head office level there should be one budget for the provision of enterprise supports. At regional level one manager should be responsible for their implementation and have responsibility for the enterprise budget at local level.

The Collection of Data

There have been two major studies of enterprise programmes operated by FÁS, the ESRI evaluation of the Enterprise Scheme and the evaluation of CEP carried out by Fitzpatrick and Associates. The Follow Up Survey of 1990 contains information on the enterprise programmes (except CEP). These surveys do not provide sufficient data on the outputs of the measures.

Relating to enterprise measures in particular, the following questions need to be addressed before judgement can be made of the effectiveness of the programmes.

- ✧ What proportion of programme participants go on to establish themselves and what proportion of these have survived?
- ✧ What proportion of those who establish businesses employ others and how many do they employ?
- ✧ In what sectors of business do programme participants establish their businesses?
- ✧ What level of competition do these businesses face and what proportion of them export?
- ✧ What proportion of those who do not establish their own businesses gain employment and what contribution did programme attendance make to the acquisition of employment?

The systematic collection of data about the post programme situation of participants is necessary in order to answer these questions. Except in the case of ESRI study respondents, (1984 to 1986 participants, surveyed in 1988), we do not know what proportion of Enterprise Scheme businesses have survived. We do not know what proportion of Enterprise Training participants actually reach the start up stage. With the exception of the FÁS Follow Up Survey respondents, we do not know what the actual placement rate on Local Training Initiatives is. Fieldwork for a further Placement Monitoring Survey was carried out in 1992 and results will be available in late 1993. FÁS hopes to repeat this survey every three years and it is recommended that they should do so. The availability of such information on a regular basis would significantly improve FÁS's monitoring of programmes and would provide valuable data for evaluation.

Gauging the impact of CEP involves measuring a number of different outputs as Fitzpatrick did in his evaluation. FÁS cannot supply data about the economic impact of CEP. It is also clear, from interviews with community groups who are beneficiaries of CEP, that there are considerable social benefits generated from the programme. CEP is a valuable instrument in combating social exclusion and information about this aspect of the programme's impact should be collected.

In addition to the post programme surveys outlined above, a systematic procedure for gathering information about the post programme situation of all programme participants should be put in place. Such a system is already in existence on the Specific Skills Training Programme. The aim should be to discover the number of programme participants who establish themselves in business, how long their businesses have survived and if they employ other persons and to discover the employment status of those who do not establish their own businesses. At a minimum this information should be gathered at the end of programmes and six months later.

The Community Enterprise Programme

The use of a throughput figure to report the impact of CEP is inadequate. A reporting procedure which will quantify the different types of beneficiaries needs to be devised and implemented. Consideration should also be given to reporting beneficiaries who benefit for more than one year in ways that will reflect the fact that such benefit is part of the outturn in each year. FÁS is currently reviewing the recording procedures in operation on the CEP and a standardised form to be completed by the External Training Manager in each of the ten regions is being redesigned. The present form is to be amended to include items such as activity days (including training modules), age breakdown and duration of unemployment. This process is a welcome development in the management of the programme.

The Fitzpatrick evaluation of 1990 concluded that CEP was effective in terms of employment creation. Information on the CEP during the current CSF has not been collected. However, it is likely that the CEP has continued to have a similar impact to that discovered by Fitzpatrick. The community groups who are the end users of CEP have found the programme to be successful. In terms of enterprise development at local level, the benefits of the programme are that in some cases, for example those of enterprise worker grants, the programme devolves the control of enterprise support resources onto community groups. This is one of the most valuable features of the programme. It is recommended that FÁS increase the number of enterprise worker grants and that this increase be managed so as to create a network of local enterprise workers who can provide support for enterprise programme participants on a structured basis as well as carrying out those community development functions now associated with their function. It is

recommended that this increase in enterprise worker grants be undertaken as part of an increase in the overall level of expenditure within the CEP.

The provision of space for small businesses is important in that the IDA does not, with some exceptions, provide small spaces for small business start-ups. The Get Tallaght Working project shows that CEP has potential in this regard. It is recommended that FÁS examine the potential role of CEP in the area of space provision, particularly for disadvantaged areas.

The work of the Co-Operative Development Unit (CDU) is at an early stage and it will be a number of years before the impact of the work of the Unit yields results. The ESF Evaluation Unit proposes, therefore, to assess the impact of the CDU at a time from the end of 1994 onwards. In the meantime, it is recommended that FÁS establish systems to record relevant information which will facilitate this future evaluation.

Enterprise Training

It is recommended that FÁS institute procedures for tracking the post programme experience of Enterprise Training participants. Information is required about the reasons why up to 50% of participants do not establish a business. Information about the success of businesses established and the sectors in which they are established also needs to be collected.

The Enterprise Scheme

In the absence of data with regard to the post programme experience of participants it is difficult to review the performance of the Enterprise Scheme in the period following that covered by the ESRI evaluation, i.e., after 1986. It is recommended that FÁS undertake relevant research on the post programme experience of more recent participants. The eligibility criteria used to control admittance to the Enterprise Scheme exclude some persons. This is the case for women and redundant workers who would be required to sign on for unemployment assistance before receiving assistance under the Scheme. FÁS has made proposals to change the eligibility criteria of the Scheme in the past. These proposals were refused sanction but the issue will be raised again through the Working Group on the Report of the Second Commission the the Status of Women which will be making recommendations in this regard. It is hoped that consideration of these proposals will lead to a relaxation of the eligibility criteria for the Scheme. It is also recommended that all those accepted for the Enterprise Scheme should have access to Enterprise Training.

Local Training Initiatives

The LTI Programme should not be regarded as an enterprise measure. The inclusion of the measure under the Training for Small and Medium Enterprises and the objectives set out in the OP for LTI determined that the programme would be considered as an enterprise measure in this evaluation. However, as described earlier, a large part of LTI activity is not direct enterprise support. That part of LTI which does offer direct support to local communities in the establishment of businesses should be included under the CEP. It is recommended that such a transfer of resources between LTI and the CEP take place. Activity, such as the historical and genealogical activity described earlier, which is not direct support to local communities for the establishment of businesses should be categorised in an appropriate manner. This is activity that makes a valuable contribution towards community development and it should be recognised as such.

Budgetary Implications

The implications, for an integrated enterprise budget, of the recommendations of this report are as follows:

1. An expansion, possibly a doubling, of the CEP budget through the creation of a national network of enterprise workers whose function will include back up support for Enterprise Training and Scheme participants. CEP would also absorb the small element of LTI which is direct enterprise support for local communities. Even with the doubling of the CEP, the programme would be relatively small at approximately IR£4m.

2. The continuation of the present levels of expenditure for both the Enterprise Scheme and Enterprise Training programme is recommended in the context of the research work suggested.

3. The expenditure in relation to that portion of LTI, the bulk of activity, which is not direct enterprise support for local communities should not be included in an integrated enterprise budget.

Post Programme Support

There is no structured support for those who have completed Enterprise Training or have embarked on the Enterprise Scheme. A fund of £100,000 is held over from the Enterprise Scheme to assist all unemployed persons trying to establish their own businesses. This is known as the enterprise extra support fund. This £100,000 is divided between the regions and is available to all involved in enterprise not only those who have participated on the enterprise measures. These funds are disbursed usually in amounts of

approximately £500 for small scale market research projects or to purchase training. As support for Enterprise Scheme participants or post training support for those who have completed Enterprise Training this is inadequate and unstructured support. It is recommended that FÁS use an expanded Enterprise Worker network to institute structured post programme support for Enterprise Training participants and support for Enterprise Scheme participants during and after the Scheme period.

Social Exclusion

All the programmes considered in this report have an impact on the long-term unemployed and on the residents of disadvantaged areas, as defined under the Programme for Economic and Social Progress. During the course of this evaluation the social benefits generated by CEP, especially among disadvantaged communities, were referred to by FÁS personnel and by persons involved in community development on a number of occasions. It is recommended that FÁS attempt to measure, or at least describe, the impact of these programmes on the socially excluded.

Indicators of Programme Impact

As indicated above, FÁS needs to design procedures for the collection of data on the outputs of the enterprise programmes. In doing so FÁS should consider that this exercise is essentially about the design of indicators by which the impact of programmes can be measured. It is recommended that FÁS agree these indicators with the Department of Enterprise and Employment so that the monitoring of programmes can proceed on an agreed basis. These indicators will be mainly economic but consideration should also be given to the design of reporting procedures to measure the social impact of programmes.

Further Work Proposed by ESF Programme Evaluation Unit

Taking FÁS enterprise provision and the other supports described in this report, there is a wide range of measures to assist the person who wishes to establish himself in business. However, the issue of co-ordination needs to be addressed by all the agencies involved, as it is not clear how those seeking assistance may gain easy access to the information necessary to decide which agency or form of assistance is the most appropriate to their needs. It is not clear what proportion of those in need of support approach FÁS or other agencies. It would also be of interest to know what proportion of those in need of support do not avail of the services of FÁS or any other agencies and how they fare without such support.

The ESF Programme Evaluation Unit is considering carrying out a survey of persons who have attempted to establish their own small business in recent years. This survey will seek to identify newly established small businesses employing less than 5 people and to establish-

- the characteristics of those businesses and the people who established them;
- the start-up history of those businesses and what, if any, State aid they received; and
- their perceptions of the range of supports available.

Final Conclusions

The work of FÁS in encouraging enterprise has been characterised by mixed results in the past. This evaluation has found that the CEP in particular has been a worthwhile intervention which is having a significant impact on local communities, many of whom are located in disadvantaged areas. It is recommended that the success of this programme is built upon. An issue with Enterprise Training and the Enterprise Scheme is the lack of post programme support. This report suggests that the CEP enterprise worker role should be expanded to take on this function.

It is an extremely challenging and difficult task to set up an enterprise and it is not surprising that many people do not succeed. Not all people have the appropriate characteristics to run small businesses. FÁS is right to ensure a rigorous selection procedure based on researched criteria for its enterprise measures. This report suggests that this selection procedure should continue to be rigorous to ensure a high success rate from the people assisted. The intention of the recommendations contained in the report is to suggest ways in which FÁS's enterprise provision can become more integrated and therefore more successful in the future. It is hoped that the Evaluation Unit's further work in this area will be of assistance to FÁS as it develops and refines it's enterprise provision over the next Structural Funding period.

Other Evaluations Completed by the European Social Fund Programme Evaluation Unit

Preliminary Review on Community Employment (June 1995)

Report on the Impact of Evaluations (May 1995)

Evaluation Report on Training and Employment Grants (February 1995)

Evaluation Report on the Vocational Preparation and Training Programme (August 1994)

Survey of Micro Enterprise (July 1994)

Thematic Evaluation on Women's Training Provision (April 1994)

Thematic Evaluation on Recording Systems (April 1994)

Thematic Evaluation on Impact Indicators (April 1994)

Thematic Evaluation on Training of Trainers (March 1994)

Survey of Employers (December 1993)

Follow-Up Evaluation on the FÁS Specific Skills Training Programme (December 1993)

Follow-Up Evaluation on the FÁS Industrial Restructuring Programme (December 1993)

Evaluation of Certification Systems (December 1993)

Evaluation Report on the Human Resources Sub-Programme of the Tourism Operational Programme (June 1993)

Evaluation Report on the Middle Level Technician and Higher Technical and Business Skills Programmes (June 1993)

Evaluation Report on the Advanced Technical Skills Programme (December 1992)

Evaluation Report on the FÁS Industrial Restructuring Programme (December 1992)

Evaluation Report on the FÁS Specific Skills Training Programme (December 1992)

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